



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Utah State Office

P.O. Box 45155

Salt Lake City, UT 84145-0155

<http://www.blm.gov>

5/027/093



RECEIVED

AUG 17 2004

DIV OF OIL GAS & MINING

IN REPLY REFER TO:
3809
(UT-924-OA)
UTU-70615, et al.

August 12, 2004

CERTIFIED MAIL--Return Receipt Requested

DECISION

Obligor/Operator:
David Penney
Penny Gemstones
P. O. Box 312
Beaver, UT 84713

Notice Operations: UTU-70615
UTU-70660
UTU-75877
UTU-75878
UTU-78293

Financial Institution:
Utah Independent Bank
P. O. Box 1030
Beaver, UT 84713

Nationwide Bond Amount: \$50,000

Nationwide Financial Guarantee Accepted to Cover Additional Notices Notices Extended

You filed notices extending 3809 notices UTU-70615, UTU-70660, UTU-75877, UTU-75878 and UTU-78293 with the Fillmore Field Office, Bureau of Land Management (BLM). The reclamation cost estimate is determined to be as follows:

<u>3809 Notice</u>	<u>Reclamation Cost</u>
UTU-70615	\$1,000.00 - 5/023/083 - Rapunzel
UTU-70660	\$9,800.00 - 5/027/024 - Little Spot
UTU-75877	\$2,600.00 5/027/096 - Fantasy Land
UTU-75878	\$3,000.00 - 5/027/023 - Pretty in Pink
UTU-78293	\$1,800.00 - 5/027/093 - white tiger
Total:	\$18,200.00

This office accepted a nationwide bond in the form of a letter of credit (LOC) in the amount of \$50,000 effective July 14, 2003. A total of \$26,000 is obligated for 3809 notices UTU-71326, UTU-78613, and UTU-79746 in Utah.

The nationwide financial guarantee is accepted as of August 11, 2004, to cover notices UTU-70615, UTU-70660, UTU-75877, UTU-75878, and UTU-78293. Accordingly, notices UTU-70615, UTU-70660, UTU-75877, UTU-75878, and UTU-78293 are extended until January 20, 2005.

The bond covers operations conducted by or on behalf of the obligor/operator for 3809 notices UTU-71326, UTU-78613, UTU-79746, UTU-70615, UTU-70660, UTU-75877, UTU-75878, and UTU-78293.

The pledge for the bond is a LOC written by the financial institution named above. The LOC will be retained in this office until all terms and conditions of the operations have been fulfilled or until a satisfactory replacement bond has been accepted. The LOC will be returned to the financial institution when this office determines that the bond is not longer required.

The LOC will continue indefinitely in the absence of notice from the financial institution of its determination not to renew the letter. Such a notice must be received in this office at least 90 days prior to the original expiration date of May 28, 2004, or the automatic extension dates falling on the same day in subsequent years. A copy of such notice also should be provided to the obligor, who would then be responsible for providing a replacement security to the BLM. Unless the obligor provides a satisfactory replacement bond at least 30 days prior to the then fixed expiration date, BLM will demand that the financial institution pay the full amount of the credit to ensure continuing bond coverage of the obligor. Any such funds thus obtained will be retained as long as none are required to correct defaults, until the bond is no longer required or until replacement bond coverage is accepted by the BLM.

The bond will be maintained by this office. The bond constitutes coverage of all operations conducted by or on behalf of the obligor on Federal lands (nationwide). The bond provides coverage of the obligor where that obligor has interest in, and/or responsibility for plans of operations or notices on public lands issued under the authority of any of the Acts cited on the bond.

A total of \$44,200 is obligated to the 3809 notices in Utah. A total \$5,800 remains available for other 3809 notices/plans nationwide. If you have any questions concerning the bond, please contact Opie Abeyta at (801) 539-4123.

JAMES F. KOHLER

James F. Kohler
Chief, Branch of Solid Minerals

cc: Ed Ginouves, CCFO (UT-040)
Sheri Wysong, FFO (UT-010)
Terry Snyder, USO (UT-923)
Joelle Burns, UDOGM
1594 W. North Temple, Suite 1210
Salt Lake City, UT 84114

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SURFACE MANAGEMENT PERSONAL BOND
Act of May 10, 1872, as amended (30 U.S.C. 22-54)
Act of October 21, 1976, as amended (43 U.S.C. 1732-35, 1782)
Act of September 13, 1982 (31 U.S.C. 9301 et seq.)
Act of September 27, 1988 (102 Stat. 1776)
(Act of April 16, 1993, 43 U.S.C. 299)

RECEIVED

AUG 17 2004

DIV OF OIL GAS & MINING

FORM APPROVED
OMB NO. 1004-0194
Expires: November 30, 2003

NW Bond
per Rider
AB

Plan of Operations/Notice _____ Statewide Utah Nationwide _____
(Name of State, if applicable) ("Yes" - if applicable)

KNOW ALL MEN BY THESE PRESENTS, THAT David L. Penney
of P.O. Box 312 Beaver Mt 844713
(name) (address)

as principal; is held firmly bound unto the United States of America in the sum of Fifty
Thousand dollars (\$ 50,000).
lawful money of the United States, which may be increased or decreased by a rider hereto executed in the same manner as this bond.

The principal, pursuant to the authority conferred by Section 1 of the Act of September 13, 1982 (31 U.S.C. 9303), does hereby constitute and appoint the Secretary of the Interior to act as his attorney-in-fact for the purpose of negotiating the cash, letters of credit, savings accounts, certificates of deposit, or securities. The interest accruing on the United States securities, cash, or other instruments given above, in the absence of any default in the performance of any of the conditions, or stipulations set forth in this bond, the plan of operations/notice, must be paid to the principal. The principal hereby, for any heirs, executors, administrators, successors, and assignees, jointly and severally, ratifies and confirms whatever the Secretary will do by virtue of these presents.

The Secretary will transfer this deposit for the faithful performance of any and all of the conditions and stipulations as set forth in this bond, the plan of operations/notice cited above, and the regulations at 43 CFR Subpart 3809 and Subpart 3802. In the case of any default in the performance of the conditions and stipulations of such undertaking, it is agreed that the Secretary will have full power to assign, appropriate, apply, or transfer the deposit, or any portion thereof, to the satisfaction of any damages, reclamation, assessments, penalties, or deficiencies arising by reason of such default.

BOND CONDITIONS

1. WHEREAS the principal has an interest in a mining claim(s), millsite(s), or tunnel site(s) and/or responsibility for operations and/or reclamation on the mining claim(s), millsite(s), tunnel site(s) or public lands under the Acts cited in the bond; and
2. WHEREAS the principal has filed an acceptable notice with the United States Department of the Interior and/or received approval from the United States Department of the Interior of the plan of operations cited above and said plan of operations/notice contains certain stipulations and conditions; and
3. WHEREAS the principal hereby waives any right to notice of, and agrees that this bond will remain in full force and effect notwithstanding:
 - a. Any transfer(s) in whole or in part, of any or all of the land covered by the plan of operations/notice further agrees to remain bound under this bond as to the interests in the plan of operations/notice retained by the principal; and
 - b. Any modification of the plan of operations/notice or obligations thereunder; and
4. WHEREAS the principal hereby agrees that notwithstanding the cancellation or relinquishment of any mining claim(s), millsite(s), or tunnelsite(s) covered by this plan of operations/notice, whether by operation of law or otherwise, the bond will remain in full force and effect as to the terms and conditions of the plan of operations/notice, and obligations covered by this bond; and
5. WHEREAS the principal agrees that in the event of any default under the plan of operations/notice and/or reclamation plan the bond may be forfeited and, the United States, through the Bureau of Land Management, may commence and prosecute any claim, suit, or other proceeding against the principal without the necessity of joining the owner(s) of the mining claim(s), millsite(s), or tunnelsite(s) covered by the plan of operations/notice; and
6. WHEREAS if the principal fails to comply with the provisions of 43 CFR 3809.595, the principal will also be subject to the applicable provisions and penalties of Sections 303 and 305 of the Federal Land Policy and Management Act of 1976, as amended (43 U.S.C. 1733 and 1735). This provision will not be construed to prevent the exercise by the United States of any other legal and equitable remedy, including waiver of the default; and

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212 make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false fictitious, or fraudulent statements or representations as to any matter within its jurisdiction.

(Continued on reverse)

BOND CONDITIONS (Continued)

7. WHEREAS, on the faith of the foregoing promises, representations, and appointments, and in consideration of this bond, the United States has accepted the plan of operations/notice referenced herein.
8. NOW, THEREFORE, the condition of this obligation is such that if said principal(s), heirs, executors, administrators, successors, or assignees will, in all respects, faithfully comply with all of the provisions of the plan of operations/notice referenced herein, any amendments thereto, and the rules and regulations contained in 43 CFR Subpart 3809 or Subpart 3802, as applicable, then this obligation will be null and void; otherwise it will remain in full force and effect.

Signed this 27 day of June, 2003

ACKNOWLEDGEMENT:

Subscribed and sworn to before me this 27th day
of June, 2003

By [Signature]

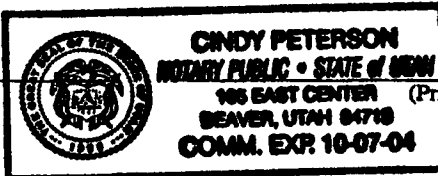
Title Owner

Business Address _____

Andy Peterson
(Notary Public)

6/7/04
(Date Commission Expires)

[SEAL]



[SEAL]

If this bond is signed by a corporation, it must bear the seal of the corporation

The Privacy Act of 1974 and the regulation in 43 CFR 2.48(d) provide that you be furnished the following information in connection with information required by this application.

AUTHORITY: 30 U.S.C. 22 et seq.; 43 U.S.C. 1732[b] and 1782[c]; 31 U.S.C. 9301 et seq.; 43 CFR 3802 and 3809.

PRINCIPAL PURPOSE: Information is being used to establish financial responsibility for surface disturbance on public lands.

ROUTINE USES: BLM will only disclose the information according to the regulations at 43 CFR 2.56 (d).

EFFECT OF NOT PROVIDING INFORMATION: Disclosure of the information is necessary to receive a benefit. Failure to disclose this information may result in BLM's rejection of your application.

The Paperwork Reduction Act of 1995 requires us to inform you that:

BLM collects this information to grant the right to conduct exploration and mining activities on public lands.

Response to this request is required to obtain a benefit.

BLM would like you to know that you do not have to respond to this or any other Federal agency-sponsored information collection unless it displays a currently valid OMB control number.

BURDEN HOURS STATEMENT

Public reporting burden for this form is estimated to average 8 minutes per response, including the time for reviewing instructions, gathering and maintaining data, and completing and reviewing the form. Direct comments regarding the burden estimate or any other aspect of this form to U.S. Department of the Interior, Bureau of Land Management (1004-0194), Bureau Information Collection Clearance Officer (WO-630), 1849 C Street, N.W., Washington, D.C. 20240.

PERSONAL BOND RIDER

Page 1 of 2

In consideration for this rider and the acceptance of this rider by the Bureau of Land Management (BLM) on behalf of the United States of America, this rider attaches to and is part of the current Surface Management Bond, BLM No. UT _____ further described as:

Issued on behalf of

David Penney

RECEIVED

AUG 17 2004

Principal/Obligor, in favor of the United States. The bond provides coverage as shown below: ^{DIV OF OIL GAS & MINING}

☐ Individual notice/plan of operations - BLM serial number _____

☒ Statewide Utah
(Name of State)

☒ Nationwide yes
(If Applicable, Write/Type "Yes")

#####

This rider is to amend the bond as follows:

☐ **INCREASE / DECREASE IN DOLLAR AMOUNT OF BOND COVERAGE**

It is understood and agreed that _____, Principal, is increasing/decreasing the coverage of this bond to the amount shown below; however, this rider shall not act to increase/decrease the actual cumulative or potential liability above the face amount of the bond, to wit: _____ U.S. dollars (\$_____)

(dollars-amount in words)

(dollars-amount in figures)

☒ **STATEWIDE BOND / NATIONWIDE BOND**

The Principal hereby agrees to and extend bond coverage to include any and all operations under Title 43 CFR, subparts 3802/3809, Surface Management.

☐ **BOND COVERAGE EXTENDED**

The Principal hereby agrees to and extends bond coverage to include notice level operations pursuant to regulations at 43 CFR 3809, Surface Management.

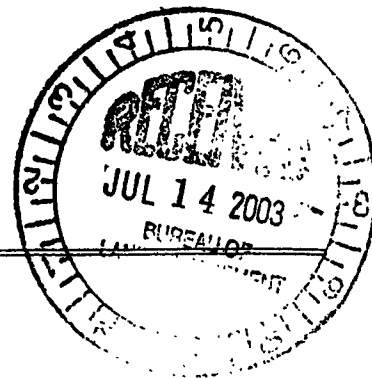
☐ **THIRD PARTY**

It is understood and agreed that _____,
Principal, is posting this bond on behalf of _____,
Operator, under notice/plan of operations, BLM serial number UTU- _____.



A Full Service Bank ♦ FDIC Insured

PO Box 1030
195 N. Main
Beaver, UT 84713
Phone (435) 438-2433
Fax (435) 438-5885



IRREVOCABLE LETTER OF CREDIT

RECEIVED

AUG 17 2004

DIV OF OIL GAS & MINING

May 28, 2003

Beneficiary: U.S. Department of Interior - BLM
Mining Law Unit, Branch of Minerals Adjudication
PO Box 45155
Salt Lake City, UT 84145-0155

**- COPY -
NOT NEGOTIABLE**

Letter of Credit # _____
Amount: US \$50,000.00

We hereby establish this Irrevocable Letter of Credit in favor of the U.S. Department of Interior - BLM, for the account of David Penney, Penney Gemstone, PO Box 312, Beaver, UT 84713, up to the aggregate amount of Fifty Thousand and no/100 dollars, to cover operations under a nationwide bond. Said funds are available by presentation of your drafts drawn on us at sight, clearly referencing this Letter of Credit Number and accompanied by:

Your signed statement stating: "I/We hereby certify that David Penney, Penney Gemstone has failed to perform in accordance with terms and conditions of the statewide bond.

All drafts drawn must be marked: "Drawn under Letter of Credit No. _____ issued by Utah Independent Bank on May 28, 2003." All drafts drawn in compliance with the terms of this Letter of Credit will be honored by us if presented at our establishment located at 195 N. Main, PO Box 1030, Beaver, UT 84713 on or before May 28, 2004.

This Letter of Credit will be renewed for terms of one year upon each maturity date if all lending requirements are met by the borrower. If Utah Independent Bank is unable to renew this Letter of Credit, 90 days notice will be given to the BLM.

Sincerely,

Craig A. White
President

**DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
CASE RECORDATION
(LIVE) Serial Register Page**

Run Date/Time: 08/12/04 03:23 PM

Page 1 of 1

01 07-23-1955;069STAT0367;30USC612

Total Acres
2.000

Serial Number
UTU--- - 078293

Case Type 380913: SURFACE MGT- NOTICE

Commodity 565: STONE,SPECIALTY LCS

Case Disposition: AUTHORIZED

Serial Number: UTU--- - 078293

Name & Address	Int Rel	%Interest
PENNEY DAVID L PO BOX 312	BEAVER UT 84713 OPERATOR	100.00000000
ROBINSON TINA 210 S 300 E	BEAVER UT 84713 CLAIMANT	25.00000000
SHOTWELL DESIREE PO BOX 164	BEAVER UT 84713 CLAIMANT	25.00000000

Serial Number: UTU--- - 078293

Mer Twp Rng Sec SType SNr Suff	Subdivision	District/Resource Area	County	Mgmt Agency
26 0250S 0150W 003 ALIQ	SWSWSW;	FILLMORE FIELD OFFICE	MILLARD	BUREAU OF LAND MGM
26 0250S 0150W 010 ALIQ	NENE;	FILLMORE FIELD OFFICE	MILLARD	BUREAU OF LAND MGM
26 0250S 0150W 011 ALIQ	NWNWNW;	FILLMORE FIELD OFFICE	MILLARD	BUREAU OF LAND MGM

Serial Number: UTU--- - 078293

Act Date	Code	Action	Action Remarks	Pending Office
12/19/2000	387	CASE ESTABLISHED		
12/19/2000	405	NOTICE OF INTENT/DISTURB	2.0;AC PROP DISTURB	
12/19/2000	501	REFERENCE NUMBER	367583;	
12/19/2000	501	REFERENCE NUMBER	UDOGM S/027/093;	
12/19/2000	669	LAND STATUS CHECKED	MTP,WSA,LR2000;	
12/26/2000	874	RESOURCE CLEARANCES	T&E ANIMAL;	
12/26/2000	874	RESOURCE CLEARANCES	T&E PLANT;	
01/03/2001	868	EFFECTIVE DATE		
02/22/2001	041	COMPL EXAM/RPT COMPLETED	MANSFIELD;	
07/18/2001	041	COMPL EXAM/RPT COMPLETED	GARAHANA;	
08/19/2002	041	COMPL EXAM/RPT COMPLETED	JM;	
09/19/2002	041	COMPL EXAM/RPT COMPLETED	JM;	
10/03/2002	235	EXTENDED		
07/03/2003	041	COMPL EXAM/RPT COMPLETED		
09/10/2003	041	COMPL EXAM/RPT COMPLETED	LG;	
04/07/2004	300	BOND REQUIRED	\$1800; FFO	
05/27/2004	041	COMPL EXAM/RPT COMPLETED		
08/11/2004	376	BOND FILED	\$1800;LOC;UTB000050	
08/12/2004	909	BOND ACCEPTED	EFF 8/11/2004;/A/	

REC'D

AUG 17 2004

DIV OF OIL GAS & MINERAL

Line Nr Remarks Serial Number: UTU--- - 078293

0001	/A/ \$50000 NW BOND ACCEPTED FOR UTU70615, UTU70660,
0002	UTU75877, UTU75878, & UTU78293;
0003	/B/ NW BOND ALREADY COVERS UTU71326, UTU78613,
0004	& UTU79746; \$44200 OBLIGATED, \$5800 AVAILABLE;

**DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMEN...**

**CASE RECORDATION
(LIVE) Serial Register Page**

Run Date/Time: 08/12/04 03:23 PM

Page 1 of 1

01 07-23-1955;069STAT0367;30USC612

**Total Acres
2.000**

**Serial Number
UTU--- - 078293**

Case Type 380913: SURFACE MGT- NOTICE

Commodity 565: STONE,SPECIALTY LCS

Case Disposition: AUTHORIZED

Serial Number: UTU--- - 078293

Name & Address	Int Rel	%Interest
PENNEY DAVID L PO BOX 312	BEAVER UT 84713 OPERATOR	100.000000000
ROBINSON TINA 210 S 300 E	BEAVER UT 84713 CLAIMANT	25.000000000
SHOTWELL DESIREE PO BOX 164	BEAVER UT 84713 CLAIMANT	25.000000000

Serial Number: UTU--- - 078293

Mer Twp Rng Sec SType SNr Suff	Subdivision	District/Resource Area	County	Mgmt Agency
26 0250S 0150W 003 ALIQ	SWSWSW;	FILLMORE FIELD OFFICE	MILLARD	BUREAU OF LAND MGM
26 0250S 0150W 010 ALIQ	NENE;	FILLMORE FIELD OFFICE	MILLARD	BUREAU OF LAND MGM
26 0250S 0150W 011 ALIQ	NWNWNW;	FILLMORE FIELD OFFICE	MILLARD	BUREAU OF LAND MGM

Serial Number: UTU--- - 078293

Act Date	Code	Action	Action Remarks	Pending Office
12/19/2000	387	CASE ESTABLISHED		
12/19/2000	405	NOTICE OF INTENT/DISTURB	2.0;AC PROP DISTURB	
12/19/2000	501	REFERENCE NUMBER	367583;	
12/19/2000	501	REFERENCE NUMBER	UDOGM S/027/093;	
12/19/2000	669	LAND STATUS CHECKED	MTP,WSA,LR2000;	
12/26/2000	874	RESOURCE CLEARANCES	T&E ANIMAL;	
12/26/2000	874	RESOURCE CLEARANCES	T&E PLANT;	
01/03/2001	868	EFFECTIVE DATE		
02/22/2001	041	COMPL EXAM/RPT COMPLETED	MANSFIELD;	
07/18/2001	041	COMPL EXAM/RPT COMPLETED	GARAHANA;	
08/19/2002	041	COMPL EXAM/RPT COMPLETED	JM;	
09/19/2002	041	COMPL EXAM/RPT COMPLETED	JM;	
10/03/2002	235	EXTENDED		
07/03/2003	041	COMPL EXAM/RPT COMPLETED		
09/10/2003	041	COMPL EXAM/RPT COMPLETED	LG;	
04/07/2004	300	BOND REQUIRED	\$1800; FFO	
05/27/2004	041	COMPL EXAM/RPT COMPLETED		
08/11/2004	376	BOND FILED	\$1800;LOC;UTB000050	
08/12/2004	909	BOND ACCEPTED	EFF 8/11/2004;/A/	

REC'D

AUG 17 2004

DIV OF OIL GAS & MINERAL

Line Nr Remarks Serial Number: UTU--- - 078293

0001	/A/ \$50000 NW BOND ACCEPTED FOR UTU70615, UTU70660,
0002	UTU75877, UTU75878, & UTU78293;
0003	/B/ NW BOND ALREADY COVERS UTU71326, UTU78613,
0004	& UTU79746; \$44200 OBLIGATED, \$5800 AVAILABLE;